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August 19, 2010

Board of Commissioners  
The Urban Renewal Agency  
of the City of Ketchum  
480 East Avenue North  
Ketchum, Idaho 83340

Wedbush Morgan Securities, Inc.  
1300 SW Fifth Avenue, Suite 2000  
Portland, Oregon, 97201

Re: The Urban Renewal Agency of the City of Ketchum Revenue  
Allocation (Tax Increment) Refunding Bonds, Series  
2010, in the Aggregate Principal Amount of \$6,440,000.

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance and sale by The Urban Renewal Agency of the City of Ketchum, Blaine County, Idaho, an urban renewal agency and a public body corporate and politic of the State of Idaho (the "Agency"), of its Revenue Allocation (Tax Increment) Refunding Bonds, Series 2010, in the aggregate principal amount of \$6,440,000 (the "Bonds"). The Bonds are dated as of August 19, 2010, and are issued in fully registered form in the denomination of \$5,000 each or integral multiples thereof (provided that no single Bond shall represent more than one maturity), all as more particularly set forth in Resolution No. 10-URA2, adopted by the Agency on May 3, 2010, as amended by Resolution No. 10-URA3, adopted by the Agency on May 17, 2010 (the "Bond Resolution").

The Bonds are being issued for the purpose of currently refunding and retiring the outstanding promissory notes of the Issuer as set forth in the Bond Resolution.

The Bonds have been sold to Wedbush Securities, pursuant to a

Bond Purchase Agreement dated as of August 5, 2010. We refer you to Resolution No.10-URA2 of the Agency adopted on May 3, 2010, as amended by Resolution No.10-URA3, adopted on May 17, 2010 (the "Bond Resolution"), pursuant to which the Bonds are issued, for a description of the purposes for which the Bonds are issued, the security for the Bonds, the manner in which the aggregate principal of, premium, if any, and interest on the Bonds are payable, the provisions under which the Bonds are payable, the provisions under which the Bonds may be redeemed prior to their stated maturities, and all other details of the Bonds.

Unless the context clearly indicates otherwise, each capitalized term used in this opinion shall have the same meaning as set forth in the Bond Resolution.

We have examined the Constitution and laws of the State of Idaho, including the Urban Renewal Law, Chapter 20, Title 50, Idaho Code, as amended, and the Local Economic Development Act, Chapter 29, Title 50, Idaho Code, as amended (collectively, "the Act"); the Findings of Fact, Conclusions of Law, Judgment and Decree rendered on April 5, 2010, in Case No. CV-2010-121 of the District Court of the Fifth Judicial District of the State of Idaho, in and for the County of Blaine; the Findings of Fact, Conclusions of Law, Judgment and Decree rendered on March 14, 2008, in Case No. CV-2008-78 of the District Court of the Fifth Judicial District of the State of Idaho, in and for the County of Blaine; and such other laws, proceedings, prepared in part by us, relating to the issuance and sale of the Bonds, and other documents as we have deemed necessary to render this opinion. This opinion is dated as of the date of issuance and delivery of the Bonds.

Based upon the examination we have made, and on the basis of existing law, it is our opinion, that:

1. The Agency is a duly organized and validly existing, independent public body politic and corporate of the State of Idaho with lawful authority to enter into the Bond Resolution, to issue and sell the Bonds, and to use the proceeds thereof for the purposes described in the Bond Resolution.

2. Each of the Bond Purchase Agreement and the Continuing Disclosure Certificate constitutes legal, valid and binding obligations of the Agency, enforceable in accordance with its respective terms, except as enforcement may be limited by or rendered ineffective by (I) bankruptcy, insolvency, fraudulent

conveyance, reorganization, moratorium and other similar laws affecting creditors' rights generally; (II) the application of equitable principles and the exercise of judicial discretion in appropriate cases; (III) common law and statutes affecting the enforceability of contractual obligations generally; and (IV) principles of public policy concerning, affecting or limiting the enforcement of rights or remedies against governmental entities such as the Agency.

3. The Bond Resolution creates a valid assignment of the Agency's right, title and interest in and to the Pledged Revenues for the benefit of the Bonds, subject to the qualification that the enforcement of the Bond Resolution may be limited by laws relating to bankruptcy, reorganization, insolvency, moratorium or other similar laws affecting creditors' rights and by the availability of equitable remedies. No recording, registration or filing of any of the Bonds or the Bond Resolution or any financing statement or other instrument with respect thereto is necessary to effect the pledge of the Pledged Revenues or to create the lien created under the Bond Resolution and the Act or is required for the validity and enforceability of such pledge and lien.

4. The information contained in the Official Statement under the headings entitled "INTRODUCTORY STATEMENT," "DESCRIPTION OF BONDS," "SECURITY, FUNDS, AND COVENANTS," "THE LOCAL ECONOMIC DEVELOPMENT ACT," "TAX INFORMATION," "APPROVAL OF LEGALITY," "JUDICIAL CONFIRMATION," "LITIGATION," and in Appendices A, E and F of the Official Statement, is correct in all material respects and nothing has come to our attention which would lead us to believe that the information under such headings or in such APPENDIX to the Official Statement contains an untrue statement of a material fact or that such information, taken collectively, omits to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading; provided, however, that no opinion is expressed as to any statistical or financial information contained therein.

5. The Bond Resolution and the Bonds conform in all material respects as to form and tenor with the terms and provisions thereof as summarized and set out in the Official Statement.

6. The Bonds are exempt securities within the meaning of Section 3(a)(2) of the Securities Act of 1933, as amended, and of Section 304(a)(4) of the Trust Indenture Act of 1939, as amended;

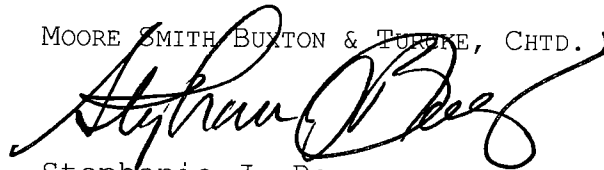
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and it is not necessary in connection with the sale of the Bonds to the public to register the Bonds under the Securities Act of 1933, as amended, or to qualify the Bond Resolution under the Trust Indenture Act of 1939, as amended.

We have also reviewed the Tax Certificate executed by an official of the Agency charged with the responsibility for issuing the Bonds relating to the use of Bond proceeds in light of Section 148 of the Internal Revenue Code of 1986 (the "Code"), counterparts of which have been included in the transcript of closing papers furnished to each of you this date. In reliance thereon, it is our opinion that the facts, estimates and circumstances set forth in such Tax Certificate are sufficient to satisfy the criteria which are necessary under said Section 148 of the Code and the regulations promulgated thereunder to support the conclusion that the Bonds are not "arbitrage bonds" and no matters have come to our attention which make unreasonable or incorrect the representations set forth in said Tax Certificate.

Respectfully submitted,

MOORE SMITH BUXTON & TURKLE, CHTD.



Stephanie J. Bonney